



RFP Implementation Team (RIT) Meeting

December 12, 2011

- I. Roll Call
- II. Recap
- III. RFP Assumptions, Definitions and Review
- IV. Questions
- V. Adjournment
- VI. Tour

Roll Call

RIT Membership

Recap

- I. Meeting Notes
- II. Tour
 - I. ICN Hub
 - II. State Emergency Operations Center
 - III. State Patrol Communications Center
- III. Assumptions
- IV. RFP Process

Participants

Organization	Primary	Secondary
Iowa Telecommunications and Technology Commission (ITTC)	David Lingren	Mark Johnson
Governor's Office (IGOV)/Iowa Department of Management	Todd Schulz	
Office of the Auditor of State	Andy Nielsen	Warren Jenkins
Office of the Attorney General	Meghan Gavin	
Iowa Department of Public Safety	Sgt. Tom Lampe	
Iowa Department of Education	Gwen Nagel	
Senate	Sen. Mark Chelgren (REP) Sen. Matt McCoy (DEM)	
House	Rep. Walt Rogers (REP) Rep. John Wittneben (DEM)	Lon Anderson
Judicial Branch	Mark Headlee	Ken Bosier
Iowa Hospital Association	Art Spies	
Iowa Community Colleges	Gretchen Bartelson	

RFP Assumptions and Definitions

Rob Smith/David Lunemann

Assumption #1

Sale of the network will be the transfer of ownership of all physical assets listed in the RFP.

- I. Fiber strand
- II. Switches, optics and electronics
- III. Other as stipulated in RFP

Note: Office equipment, current colocation space, Rights of Way (ROW), and state office space DO NOT constitute a transferable asset.

Discussed at meeting held on November 21

Assumption #2

Sale of the network will include the transfer of liability of all contracts related to the delivery of vendor provided connections listed in the RFP (unless contracts stipulate they cannot be transferred).

- I. Maintenance contract with Paetec (or current network operator)
- II. Carrier circuit monthly billing
- III. Fiber IRU's
- IV. Maintenance contracts of equipment
- V. Prepaid user circuits
- VI. Local telephone company providers' part 3 circuits
- VII. Other as stipulated in RFP

Discussed at meeting held on November 21

Assumption #3

All assets, contracts, colocations, and ROW listed in the RFP will be represented and documented by the ICN without independent audit. Buyer / seller verifications and independent audits, as deemed necessary, will occur post offer as a component of contract finalization.

Discussed at meeting held on November 21

Assumption #4

Lease of the network will be defined as the rental of all physical assets listed in the RFP. The State of Iowa will remain the owner of those physical assets. Under a lease scenario, the State of Iowa will remain responsible for all contracts and expenses related to carrier circuits, fiber IRUs and network maintenance. The state will continue to incur all costs related to any contracts currently in place including all costs, related to colocation and Rights of Way (ROW) expense.

Discussed at meeting held on November 21

Assumption #5

All potential buyers / lessees will be required to meet pre-qualification requirements stated in the bid process.

Discussed at meeting held on November 21

Assumption #6

To protect any proprietary information all potential buyers / lessees will be required to enter into a Non Disclosure Agreement to the extent allowable by Iowa law.

Discussed at meeting held on November 21

Assumption #7

To protect proprietary information the seller shall enter into a Non Disclosure Agreement with all bid respondents to the extent allowable by Iowa law.

Discussed at meeting held on November 21

Assumption #8

The initial term of a lease will be 5 years from contract closure with two (2) 5 year renewals at the option of the lessee.

Discussed at meeting held on November 21

Assumption #9

A CPI increase will be applied to all operational expenses related to underlying costs that must be maintained by the lessor in the case of renewal (i.e. the State of Iowa).

Discussed at meeting held on November 21

Assumption #10

Lessee must provide written notice 12 months in advance of intention to renew or not renew lease renewal option.

Discussed at meeting held on November 21

Assumption #11

A lease of the network assets will require the State of Iowa to maintain some of the personnel functions currently being performed by the ICN during the lease period. These costs would be reflected in the calculation of the lease payment deemed acceptable by the *lessor*. The RFP will indicate which network related costs would need to be maintained by the state.

Discussed at meeting held on November 21

Assumption #12

The legislation requires the new buyer / lessee to provide continued service of existing authorized users with specific products at specific price points. To ensure a transition with minimal user impact, *ICN operational staff existing at the time of bid acceptance will remain in place for a minimum period of 12 months from closure date and transfer. This period of time may be extended upon mutual agreement.* These costs will be factored into a sale or lease cost.

Discussed at meeting held on November 21

Assumption #13

The buyer or lessee of the ICN will be allowed to use the network to serve only existing authorized users. ICN assets will remain a closed or restricted access network for a new buyer / lessee. It is assumed H.F. 45 – Sec. 8 does not nullify the current statute restricting the ICN to “currently defined” authorized users.

***Please note that this assumption is not legally accurate. Please refer to assumptions 32 and 33.*

Discussed at meeting held on November 28

Assumption #14

Any new buyer or lessee of the ICN must continue to provide all products in use as of bid closing at a “lower overall long-term cost”.

Discussed at meeting held on November 28

Assumption #15

Authorized users will consist of all entities falling under the current statutory definition irrespective of if those authorized users are current active customers of the ICN. An authorized user list will be identified in the RFP.

Discussed at meeting held on November 28

Assumption #16

The period of time that “lower overall long-term cost” must be maintained will be for a period of 5 years for all currently provided services, with the exception of the Capitol Complex telephone system, from the contractual finalization of a sale or lease.

Discussed at meeting held on November 28

Assumption #17

“Lower overall long-term cost” will be defined in the RFP as 1% or greater lower than the current product cost as identified in the price list stated in the RFP.

Discussed at meeting held on November 28

Assumption #18

“Lower overall long-term cost” must also include the annualized maintenance cost as incurred by the State of Iowa through Infrastructure Appropriations averaged over the last three-year period less the amount of dollars used for the one-time expense of upgrading the Capitol Complex telephone system.

Discussed at meeting held on November 28

Assumption #19

A lessee will receive a Service Level Agreement (SLA) that clearly indicates which network functions will be maintained on an ongoing basis by the lessor.

Discussed at meeting held on November 28

Assumption #20

The ICN has current service standards that are agreed to with both government and non-government users of the network. These will be stated in the RFP. The buyer / lessee must continue to meet the same level of response and service restoration timeframes stated in these agreements.

Discussed at meeting held on November 28

Assumption #21

The management of the Capitol Complex Phone system and all connected devices will remain within the administrative function of the State of Iowa.

Discussed at meeting held on November 28

Assumption #22

The buyer / lessee will receive all new and existing operational revenue generated by users from date of sale closure forward.

Discussed at meeting held on December 5

Assumption #23

A new buyer / lessee may turn off service due to nonpayment.

Discussed at meeting held on December 5

Assumption #24

A buyer will incur all operational expenses related to new (added) network components and maintenance from the date of sale closure forward.

Discussed at meeting held on December 5

Assumption #25

All buyers responding to the RFP must be prepared to reach acceptable terms for colocation, power, secure space, etc. with all colocation space owners currently housing ICN equipment, circuits or fiber (only some of which may be State agencies). It is assumed that if acceptable colocation terms cannot be reached with existing colocation space owners that alternate space (and subsequent related costs associated with moving into new space) will be at the buyer's expense.

Discussed at meeting held on December 5

Assumption #26

A buyer will be required to demonstrate the ability to secure adequate colocation agreements in such a manner as to provide seamless delivery of existing services prior to closing.

Discussed at meeting held on December 5

Assumption #27

For the purposes of RFP documentation all information will be listed with an “effective as of” date as close as is practical to RFP release.

Discussed at meeting held on December 5

Assumption #28

The RFP process will be run in parallel to the normal course of business at the ICN. No changes to current day-to-day business or future business planning will occur as a function of the ongoing RFP for sale or lease of the network.

Discussed at meeting held on December 5

Assumption #29

The ICN is currently engaged in the support of the FCC (RHCPP) and is directly involved in an ARRA project (BTOP). Any buyer / lessee of the ICN must comply with all requirements of these federal programs as stated in the RFP.

**Assumption to be modified.*

Discussed at meeting held on December 5

Assumption #30

Guaranteed amount of bandwidth for public safety in all cases. Especially during emergencies.

- Sergeant Tom Lampe, *Iowa Department of Public Safety*

**Assumption to be modified.*

Discussed at meeting held on December 5

Assumption #31

Criteria will be established by the state and listed in the RFP for purposes of reviewing bids to purchase or lease the ICN. The historical capital cost of building the ICN will be used as one of the criteria to evaluate bids to purchase the ICN network.

- Art Spies, *Iowa Hospital Association*

Discussed at meeting held on December 5

Assumption #32

In the event of a sale, ICN services will no longer be restricted to authorized users as defined under Chapter 7 of the ITTC Administrative Rules. Following a sale, the ICN would become an open network.

- Rob Smith, *Fiberutilities Group*

Discussed at meeting held on December 5

Assumption #33

In the event the ICN is leased, current law requires that ICN services will remain restricted to authorized users as defined under Chapter 7 of the ITTC Administrative Rules.

- Rob Smith, *Fiberutilities Group*

Discussed at meeting held on December 5

Assumption #34

A buyer of the ICN must have and maintain common carrier status, *in good standing*, as defined by the Telecommunications Act of 1996 and be qualified to provide services through E-Rate funding under the Universal Service Fund.

Discussed at meeting held on December 5

Assumption #35

The ICN, as a State of Iowa agency, pays no property or income tax as a part of the operation of the network. It is assumed that a buyer of the network would pay both property and income taxes as defined in municipal, county, state, or federal code. A lessee would not be responsible for property taxes as the State of Iowa would maintain ownership. The lessee would, however, be responsible for all appropriate income taxes from revenues earned.

- Dave Lingren, *Iowa Telecommunications and Technology Commission*

Discussed at meeting held on December 12

Assumption #36

In the event of a sale or lease of the network, costs for Internet services to PK-12 will be protected on a long-term basis. (The need for bandwidth by school districts and non-public schools will increase rapidly with the increase in innovation throughout the state, including online learning and the 1 to 1 school initiatives.

- Gwen Nagel, *Iowa Department of Education*

Discussed at meeting held on December 12

Assumption #37

If the United States Department of Defense requires that the ICN hub be moved from the Joint Forces Headquarters (JFHQ) facility, the expense of this relocation is to be incurred by the buyer/lessee.

-Dave Lingren, *Iowa Telecommunications and Technology Commission*

Discussed at meeting held on December 12

Assumption #38

The ICN currently utilizes and has access to non-tangible assets like the State of Iowa, Department of Administrative Services' I3 billing and procurement system. It is assumed that if the operation of the ICN is by a non-State of Iowa entity and they are not allowed to utilize and access these systems, the replication of the functions these systems provide will be at the buyer/lessee's expense.

- Dave Lingren, *Iowa Telecommunications and Technology Commission*

Discussed at meeting held on December 12

Assumption #39

Any buyer/lessee of the ICN must be approved by the National Telecommunications and Information Administration to assume the responsibilities related to the ARRA BTOP grant.

- Dave Lingren, *Iowa Telecommunications and Technology Commission*

Discussed at meeting held on December 12

Assumption #40

Currently, the Department of Education receives \$2.72 million in annual appropriation from the legislature to assist in the reduction of the cost for K-12 schools to purchase services delivered across Part III facilities from local telephone companies. The ICN manages the delivery of these services and provides “pass through” billing on behalf of the schools. It is assumed that the legislature would continue this appropriation in order to allow the buyer/lessee to meet the requirement of providing services at a lower cost than the ICN does today without raising the amount the individual schools would have to pay.

- Dave Lingren, *Iowa Telecommunications and Technology Commission*

Discussed at meeting held on December 12

Assumption #41

In regards to Interoperability and the Statewide Interoperability Board, the ICN network (a critical piece of Interoperability) must be available to the Iowa Statewide Interoperability Communications System Board. The private, secure, and dedicated bandwidth of the ICN must remain in order for the network to provide primary and backup connectivity for the Statewide Interoperability as needed and determined by the Board.

-Sergeant Tom Lampe, *Iowa Department of Public Safety*

Discussed at meeting held on December 12



Questions

RIT Membership

Public

Adjournment

Next RFP Implementation Team (RIT) Meeting:

No future meetings scheduled at this time.